

Foreign Grants and Credits in 1954

GRANT and credit programs of the United States Government furnished foreign countries with \$4.7 billion in 1954, a decline of over a fourth from the preceding year's total of \$6.4 billion. The decrease was distributed proportionately between military supplies and services and other types with military assistance comprising about two-thirds of the total in both years. The figures represent net deliveries (of goods or services) and cash payments by United States Government agencies.

The \$4.7-billion net grant and credit assistance in 1954 brought the total of net transfers abroad by the United States Government since V-J Day to \$49 billion, not counting our investment of \$3.4 billion in the International Bank for Reconstruction and Development and the International Monetary Fund.

Gross shipments and cash disbursements from July through December 1954 were at an annual rate of \$4.6 billion, a rate exceeding the new authorizations for the current fiscal year provided by the Congress. The backlog of foreign assistance appropriated but yet to be delivered, which had stood at \$15.9 billion after the new authorizations for the current fiscal year were enacted, was lowered correspondingly.

Grants of military supplies and services, including the contribution to the multilateral construction program of the North Atlantic Treaty Organization, have declined since the first half of 1953 and amounted to \$3.2 billion in 1954. This declining trend was temporarily reversed in the June 1954 quarter when increased shipments to Indochina brought military assistance to over \$1 billion. Following the cessation of hostilities in Southeast Asia in July the declining trend was resumed and military assistance transfers in the final quarter of 1954 were less than half the rate of the first half of 1953. Nevertheless, 1954 deliveries were greater than in any postwar year except 1953.

Net transfers of other grants and credits were at a postwar annual low of less than \$1½ billion in 1954, despite an upturn in the final quarter. These "nonmilitary" grants and credits encompass all relief, development, and technical cooperation assistance, including all cash transfers to foreign governments except the contributions to the multilateral construction program of the North Atlantic Treaty Organization. The last are included in the "military" category along with military "hardware" and other end-items, and military training and similar services. On the other hand, the "nonmilitary" grants reported for 1954 include cash payments of direct forces support to France (for French and Associated States of Indochina costs of forces in Indochina) and to the United Kingdom (for support of production for military forces).

Short-term credits

The net grant and credit data reported here do not include the transactions in short-term foreign assets of the United States Government which consist mainly of purchases or collections of foreign currencies or receivables and their

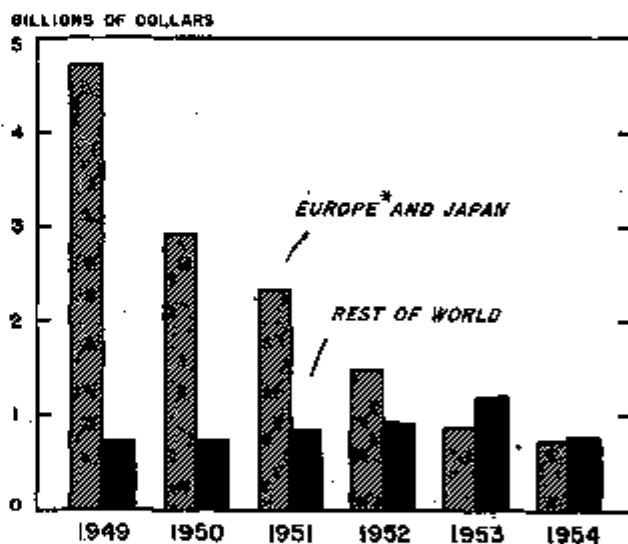
disposition. Large movements in these accounts can supplement or offset the net grants and credits otherwise disbursed by the Government in aid to foreign countries.

After remaining relatively stable in the aggregate asset total, and in the inflow and outflow of funds, for several years, this stability was altered by two different types of operations in 1954.

First, under legislative changes effective in 1953 in the procedure for acquiring and using foreign currency funds, larger shares of ordinary foreign expenditures were made by drawing on the accumulated funds. Counterpart fund holdings of the Foreign Operations Administration were decreased by more than \$40 million, principally in the European

Net Grants and Credits

Excluding military supplies and services



* For countries included see text and table

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area, either by transfer to the Treasury Department or by disbursement for grants or credits. Despite receipt of large transfers from FOA, the Treasury Department, as the principal holder of balances other than those required as current working funds, was able to decrease its holdings by \$65 million in 1954 through sales to other Government agencies for current use. In particular, large decreases were made in the holdings of the currencies of the United Kingdom, France, Germany, Italy, and the Netherlands.

On the other hand, and exceeding the use of foreign currencies accumulated under previous aid programs, the Government accepted \$245 million in such currencies and receivables from the sale of agricultural commodities abroad. These and other foreign currency collections of the Government during the year aggregated the equivalent of nearly \$400 million, of which \$300 million worth were utilized in the course of the Government's overseas operations. The net increase of short-term assets of the United States Gov-

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ernment, or net outflow of capital, thus approached \$100 million in 1954.

Farm products sales

The agricultural commodities were sold for foreign currencies under authority of section 550 of the Mutual Security Act of 1951, under section 402 of the Mutual Security Act of 1954, and under the charter of the Commodity Credit Corporation. Although most of the proceeds are to be used to provide grants and credits to foreign countries, the amounts are not incorporated in the grant and credit totals presented in this article until the foreign currencies are expended. From the foreign currency proceeds of agricultural commodity sales totaling \$253 million in the last quarter of 1953 and in 1954, about \$38 million was used to provide grants under the mutual security program and \$7 million for military construction in Spain. Table 1 shows the rate of accumulation and the geographic distribution of the remaining \$207 million the United States Government temporarily advanced by accepting such currencies as payment for agricultural commodities.

Such short-term credit outflows by the United States Government are likely to continue this and next year. The Agricultural Trade Development and Assistance Act of 1954 created a new 3-year program to expand further the export of surplus agricultural commodities on a foreign currency sale basis. Some part of this foreign currency will be used in efforts to increase consumption of agricultural products abroad, and to finance other United States Government activities such as the import of strategic materials and the construction of housing for United States military personnel abroad. A significant part will be used to provide additional credits to foreign countries. Until the foreign currency proceeds are used, the outflow of United States Government short-term capital will continue at a significant rate and thus supplement other foreign assistance.

As can be seen in table 1, the United States Government short-term capital outflow in 1954 from the special sale of farm products was concentrated in Western Europe and in Japan. In magnitude, it about balanced the past year's decline in United States Government assistance (exclusive of military supplies and services) to these countries which comprise most of the "economically developed" or industrialized countries of the world.

Western European assistance off

Omitting the outflow of short-term funds, Government "nonmilitary" assistance to the relatively industrialized countries declined rapidly during the past six years, as the accompanying chart shows. In contrast, the rest of the world received on balance relatively constant annual transfers under grant and credit programs through 1954. The trends for 1953 and 1954 are detailed in table 2 for all major countries, regrouped into the applicable areas established by the Mutual Security Act of 1954.

Last year's decline in United States assistance to Europe was marked in military grants also. The decrease of \$1.1 billion in worldwide military transfers was concentrated in Western Europe (excluding Greece and Turkey), while the value of military deliveries to other areas was unchanged from 1953. Western Europe still received nearly two-thirds of the total net military assistance last year.

Ordnance transfers large

Transfers of ordnance equipment and stores, although reduced one-third from 1953 to 1954 continued to represent the largest category—60 percent—of the military end-items de-

livered abroad in 1954 under the mutual security military program.

Shipments of aircraft and spares and equipment—cumulatively the second largest category of mutual security military assistance—decreased by one-half in 1954 to about a third of a billion dollars. About 1,100 planes were delivered to foreign nations in 1954, compared with 2,400 in the preceding year.

Transfers of naval craft under the mutual security program were two-thirds greater than in 1953 and there was a corresponding increase in the value of the ships and other vessel equipment. The vessels transferred in 1954 represented, for the most part, new expenditures of appropriated funds. In prior periods about half of the vessels transferred represented

Table 1.—Change in United States Government short-term assets abroad acquired through the sale of agricultural commodities
(Millions of dollars)

	1953	1954				
		Total	January-March	April-June	July-September	October-December
Total.....	3.0	199.5	20.8	97.1	62.2	19.3
Western Europe.....	3.0	127.4	20.8	68.7	31.5	6.3
Finland.....		4.0		8.1	.8	
France.....		14.9		6.7	7.5	.7
Germany.....		11.3	2.0	7.6	1.1	.5
Italy.....		17.8		3.5	12.9	1.4
Netherlands.....		4.0		3.1	.9	
Norway.....		2.3		.3	1.7	.3
Spain.....		27.6		27.5	1.3	1.2
United Kingdom.....	3.0	2.4	15.6	4.5	4.5	3.9
Yugoslavia.....		47.9	3.3	21.4	9.8	13.4
Near East, Africa, and South Asia.....		8.2		1.6	.7	5.9
Afghanistan.....		1.2		.4	.7	.1
Greece.....		.8				.8
Israel.....		4.7		1.2		3.5
Turkey.....		1.5				1.5
Other Asia.....		63.6		24.8	30.0	8.8
China (Formosa).....		10.2		4.6	4.6	1.1
Japan.....		48.4		22.2	25.5	.7
Korea.....		5.0				5.0
American Republics: Bolivia.....		.8				.3

1. Use of foreign currency exceeds new arrivals.

Source: U. S. Department of Commerce, Office of Business Economics.

charges against the legislative limitations on the use of excess stocks. Many of the vessels transferred from excess stocks as mutual security grants from 1951 through 1953 had already been in the custody of the foreign governments under the lend-lease program and were simultaneously returned to the United States Government, as required by the lend-lease law, and retransferred. The net military grants shown in table 2 are adjusted so as to eliminate the effect of these lend-lease and mutual security program transfers.

Other military grants in 1954 included the transfers of vessels to Turkey (\$21 million), Italy (\$11 million), and China (\$9 million) outside of the mutual security program. This was considerably less than similar transfers in 1953 which had been valued at \$174 million. These were made under specific authorization acts of the Eighty-second and Eighty-third Congresses which allowed the transfers with expectations of return of the vessel at some future time.

Joint construction contributions

The military assistance to Europe shown for last year in table 2 includes \$69 million the United States Government

Table 2.—Summary of United States Government Foreign Grants and Credits, by Major Country: 1963 and 1954

Major country	1963	1954					Major country	1963	1954				
		Total	January-March	April-June	July-September	October-December			Total	January-March	April-June	July-September	October-December
Net grants and credits.....	6,495	4,888	1,178	1,341	1,847	1,105	OTHER GRANTS AND CREDITS—Continued						
Net grants.....	5,173	4,785	1,240	1,262	1,687	1,098	Eastern Europe:						
Gross new grants.....	5,339	4,855	1,261	1,285	1,110	1,404	Net grants and credits.....	4	4	3	1	3	3
Less: Prior grants converted into credits.....	1,600						Net grants.....	8	8	3	2	1	2
Less: Reserve grants and returns.....	108	70	21	24	18	8	Net credits.....	-4	-4	-1	-1	-2	-1
Net credits.....	1,233	-118	-63	-21	-61	19	Near East (including Greece and Turkey) and Africa:						
New credits.....	712	361	87	84	72	144	Net grants and credits.....	265	269	80	76	51	70
Plus: Prior grants converted into credits.....	1,000						Net grants.....	242	248	73	74	46	55
Less: Principal collections.....	470	405	150	105	128	125	Net credits.....	22	21	7	2	5	5
MILITARY GRANTS							Oceania:						
Net grants.....	4,342	3,282	840	1,016	715	638	Net grants and credits.....	64	45	10	23	3	9
Gross new grants.....	4,400	3,210	842	1,018	717	638	Net grants.....	73	48	11	24	6	10
Less: Reserve grants and returns.....	58	8			2	3	Net credits.....	-8	-6	-2	(1)	-2	-1
Western Europe (excluding Greece and Turkey):							Iran:						
Net grants.....	3,178	3,028	808	985	457	413	Net grants.....	52	65	17	12	14	22
Near East (including Greece and Turkey), Africa, and South Asia:							Israel:						
Net grants.....	334	345	70	125	69	83	Net grants and credits.....	46	89	27	15	10	9
Other Asia and Pacific:							Net grants.....	45	87	25	16	10	7
Net grants.....	768	705	182	304	176	136	Net credits.....	4	2	2	(1)	(1)	1
American Republics:							Turkey:						
Net grants.....	35	45	11	12	9	13	Net grants and credits.....	50	41	10	12	6	12
Unspecified:							Net grants.....	34	44	13	14	7	12
Net grants.....	30	10	6	5	4	5	Net credits.....	-4	-3	-1	-1	-1	-1
OTHER GRANTS AND CREDITS							Other and unspecified Near East and Africa:						
Net grants and credits.....	2,964	1,467	337	333	332	476	Net grants and credits.....	54	70	16	16	18	19
Net grants.....	2,831	1,583	400	344	385	420	Net grants.....	28	41	8	10	9	13
Gross new grants.....	1,854	1,645	418	307	388	461	Net credits.....	26	29	8	6	9	6
Less: Prior grants converted into credits.....	1,000						South Asia:						
Less: Reserve grants and returns.....	103	62	18	22	16	6	Net grants and credits.....	132	42	7	18	11	14
Net credits.....	1,233	-116	-63	-21	-61	19	Net grants.....	129	40	6	9	11	14
New credits.....	712	357	87	84	72	144	Net credits.....	12	2	(1)	1	(1)	(1)
Plus: Prior grants converted into credits.....	1,000						India:						
Less: Principal collections.....	470	405	150	105	128	125	Net grants.....	37	28	4	7	9	8
Western Europe (including Greece and Turkey) and dependent areas:							Pakistan:						
Net grants and credits.....	862	688	144	132	168	224	Net grants and credits.....	91	70	2	2	1	6
Net new grants.....	1,009	287	247	171	238	241	Net grants.....	82	10	2	2	1	6
Net new credits.....	-140	-210	-103	-40	-50	-17	Net credits.....	8					
Prior grants converted into credits.....	1,000						Other and unspecified South Asia:						
Australia:							Net grants.....	4	3	1	1	1	1
Net grants and credits.....	30	14	4	4	4	2	Net grants.....	(1)	2	(1)	(1)	(1)	(1)
Net grants.....	30	14	4	4	4	2	Net credits.....	4	2	(1)	1	(1)	(1)
Net credits.....	(1)	-1	(1)	(1)	(1)	-2	Other Asia and Pacific:						
Belgium-Luxembourg:							Net grants and credits.....	389	345	83	87	64	112
Net grants and credits.....	-3	-7	(1)	-4	-2	-1	Net grants.....	386	293	83	72	77	83
Net grants.....	5	3	2	1	(1)	(1)	Net credits.....	4	12	31	14	-12	18
Net credits.....	-8	-10	-2	-5	-2	-2	China-Taiwan (Formosa):						
Denmark:							Net grants and credits.....	89	78	21	18	19	21
Net grants and credits.....	7	-1	(1)	(1)	(1)	(1)	Net grants.....	91	78	21	18	19	21
Net grants.....	8	(1)	(1)	(1)	(1)	(1)	Net credits.....	-3	-1	(1)	(1)	(1)	(1)
Net credits.....	-2	-2	(1)	(1)	(1)	-1	Indonesia (including East, West, and Middle):						
France:							Net grants.....	32	57	10	9	6	34
Net grants and credits.....	261	258	-12	49	112	163	Indonesia:						
Net grants.....	300	446	89	85	154	118	Net grants and credits.....	17	22	1	11	10	1
Net credits.....	-39	-188	-101	-36	-42	-15	Net grants.....	5	5	1	1	1	1
Germany:							Net credits.....	11	17	(1)	9	5	
Net grants and credits.....	35	68	34	7	12	11	Japan and Ryukyu Islands:						
Net new grants.....	71	71	35	13	12	11	Net grants and credits.....	11	44	16	11	-23	22
Net new credits.....	-36	-8	-1	-6	-1	(1)	Net grants.....	0	4	1	1	(1)	2
Prior grants converted into credits.....	1,000						Net credits.....	-9	40	35	11	-25	20
Italy and Trieste:							Korea:						
Net grants and credits.....	108	82	14	18	1	19	Net grants.....	204	136	12	38	47	30
Net grants.....	135	102	42	21	8	21	Philippines:						
Net credits.....	-27	-18	2	-7	-3	-3	Net grants and credits.....	24	8	3	-1	4	1
Netherlands:							Net grants.....	26	14	5	4	2	3
Net grants and credits.....	10	-2	8	-1	-0	-4	Net credits.....	-2	-8	-2	-5	1	-2
Net grants.....	21	14	9	2	1	2	Other and unspecified Asia and Pacific:						
Net credits.....	-13	-16	(1)	-3	-7	-6	Net grants and credits.....	15	10	1	3	4	8
Norway:							Net grants.....	15	9	1	3	1	2
Net grants and credits.....	15	3	0	4	-3	1	Net credits.....	(1)	3	-1	(1)	3	1
Net grants.....	10	13	7	5	1	1	American Republics:						
Net credits.....	5	-5	(1)	-2	-4	(1)	Net grants and credits.....	344	71	31	8	25	19
Spain:							Net grants.....	25	35	10	0	10	6
Net grants and credits.....	21	16	-3	3	0	12	Net credits.....	343	35	12	-8	15	13
Net grants.....	1	22	-1	4	4	9	Brazil:						
Net credits.....	19	6	-3	3	4	2	Net grants and credits.....	325	80	8	(1)	21	1
United Kingdom:							Net grants.....	3	2	(1)	1	1	1
Net grants and credits.....	237	131	45	31	34	1	Net credits.....	323	27	8	-1	20	(1)
Net grants.....	276	163	44	29	32	61	Mexico:						
Net credits.....	-48	-40	(1)	5	2	-60	Net grants and credits.....	15	37	4	5	3	10
Yugoslavia:							Net grants.....	3	4	2	1	1	(1)
Net grants and credits.....	18	44	0	14	6	18	Net credits.....	12	23	2	4	2	10
Net grants.....	57	45	0	14	7	19	Other and unspecified American Republics:						
Net credits.....	1	-1			-1		Net grants and credits.....	21	14	0	2	2	2
Other and unspecified Western Europe:							Net grants.....	17	20	7	8	9	8
Net grants and credits.....	45	68	11	0	8	64	Net credits.....	4	-15	2	-9	-7	-4
Net grants.....	48	28	9	4	4	5	International organizations and unspecified areas:						
Net credits.....	(1)	40	1	2	1	59	Net grants and credits.....	45	87	(1)	10	12	35
							Net grants.....	43	83	0	8	11	33
							Net credits.....	2	-6	-1	2	2	1

1. Includes supplies, services, and contributions to the multilateral construction program of the North Atlantic Treaty Organization.
 2. Because of the inclusion of dependents in the grouping "Western Europe," data shown for other groupings, particularly "Near East and Africa," are correspondingly understated.
 3. Less than \$500,000.

4. Negative entry of less than \$500,000.
 5. Includes aid furnished through international organizations.
 Note.—For principles of valuation, sources, and methods see technical note in SURVEY, October 1954, p. 20. Data for 1954 are preliminary.
 Source: U. S. Department of Commerce, Office of Business Economics.

contributed to the multilateral construction program designed to provide supporting facilities for NATO operations (including Greece and Turkey).¹ In 1953, the United States payments were somewhat larger. The United States has already disbursed one-third of the total contribution of \$780 million authorized by Congress in August 1954.

The United States contribution will constitute about 38 percent of the jointly financed construction program agreed upon by all NATO countries, which totals nearly \$2 billion.

Offshore deliveries increase

The temporary increase in military deliveries in the June quarter—and their subsequent decline—occurred in shipments from the United States, from Canada, and from United States stocks abroad. Deliveries from the production of other countries under offshore procurement contracts were over 40 percent larger than in 1953. The "offshore" deliveries were comparatively stable throughout 1954, constituting one-fifth of the annual military transfers, or in excess of half a billion dollars.

About half of last year's deliveries were from France. That country had received about 40 percent of the total \$2½ billion in offshore orders placed from 1952 through 1954. Almost half of the amount of contracts placed in France have been delivered. In the remaining countries about 27 percent of the contracts placed were delivered through 1954.

United States orders in France in 1952 and 1953 included about \$400 million under special programs designed to give assistance to that country through procurement of military end-items for use by French forces, including the troops in Indochina. End-item deliveries under these special programs approximated \$150 million in 1954. To a large extent these orders represented contracts previously placed by the French Government, but assumed by the United States Government.

Direct forces support payments

Throughout 1954, France also received a large share of grants and credits other than those in the form of military end-items. Although deliveries of general economic assistance (defense support) under the mutual security program decreased by half after the first quarter of 1954, payment of direct forces support funds more than compensated for this decline, maintaining the annual net grants and credits at a quarter billion dollars. Direct forces support disbursements to France, aggregating \$321 million for the year as a whole, were provided from the \$745 million made available by Congress and Presidential transfers to help defray French and Associated States costs in Indochina in calendar year 1954. Payments of \$86 million in the first half were followed by \$136 million in the September quarter and \$89 million in the final quarter. In the first quarter 1955, over \$100 million more was disbursed for this purpose.

France drew only nominally on loans in 1954, compared with loans aggregating \$129 million in 1953. Moreover, the large dollar receipts from United States grants and military expenditures made it possible for France to increase the already large repayments of loans to nearly \$200 million in 1954. French repayments thus constituted 40 percent of the worldwide principal collections of half a billion dollars on the United States outstanding foreign credits. The French repayments included liquidation both of the 1952 Export-Import Bank loan due in 1954 and of the 1953 loan which was not due for final repayment until June 1955. Other

French annual principal repayments comprised the \$68 million on immediate postwar credits and \$27 million on the 1952-53 cotton credit.

Sterling grants to United Kingdom

Net transfers of grants and credits (other than military supplies) to the United Kingdom totaled \$111 million, about half of the amount disbursed during 1953. Payments of previously programmed defense support grants dropped by more than half after the first quarter of last year. Payments for direct forces support in sterling proceeds from agricultural commodity sales began in the June quarter with \$15 million, and were followed by disbursements of \$10 million and \$9 million in the succeeding two quarters. Disbursements from an \$85-million appropriation for fiscal year 1954 for financial assistance for the manufacturing of aircraft began in September 1954 with a payment of \$5 million and continued with \$26 million in the last quarter of the year.

United Kingdom principal repayments on the \$3½-billion loan and on surplus property and war-account settlements were unchanged in the last year. Loan disbursements for the development of resources in British overseas territories increased.

Although the United Kingdom was a large purchaser of the surplus agricultural commodities sold for foreign currencies, disbursement of the sterling proceeds for the grants cited above left only \$6 million in balances at the end of 1954, most of which was reserved for development assistance and technical cooperation in the British African overseas territories.

Other Europe

Compensating for the decline in transfers of mutual security program nonmilitary grants to Yugoslavia, that country received one-fifth of the surplus agricultural commodities sold for foreign currencies in 1954. (See table 1). These shipments considerably alleviated the difficulties in the Yugoslav balance of payments and foreign exchange situation and also met the emergency created by three short crops in the last five years in that country. A good part of the \$48 million in dinar which the United States Government held at the year end will be spent for grants or credits in Yugoslavia in 1955.

Actual deliveries from the recent programs of assistance to Spain did not reach major proportions during the last year. Spain also purchased a large amount of food products from the United States Government for pesetas, easing its balance of payments by \$28 million (net) in 1954.

Coal and Steel Community loan

Late in 1954, the High Authority of the European Coal and Steel Community drew \$59 million from the \$100-million credit established under the mutual security program. These drawings will be used to construct and modernize power stations at pitheads, to develop other facilities for more efficient production of coal and coke, and to expand iron-ore mining. The loan is to be repaid over 22 years beginning in 1958, with interest at 3½ percent starting this year.

Elsewhere in Western Europe the general decrease in United States Government assistance continued throughout 1954 with few exceptions. Portugal was the only country in Western Europe to receive more funds in the last year (\$12 million, net) than in each of the preceding two years, as drawings were made on the loan to construct the railway link northwest through Mozambique to Southern Rhodesia.

Grants to Germany, although unchanged from the preceding year on an annual basis, were at a much lower rate

¹ This item is treated in the balance-of-payments computations along with other military construction expenditures as a purchase of services rather than a grant (see *Survey*, August 1954, p. 8).

after the March 1954 quarter. They represented economic assistance for West Berlin and shipments of surplus food products made available to American private voluntary relief organizations for distribution abroad. The declining rate of mutual security program economic assistance payments to Italy was partially offset in the December 1954 quarter by Government financed donations of agricultural goods distributed by private American relief organizations.

Japanese draw on cotton credits

Japan led all other countries in the volume of new loan disbursements in 1954. Over \$80 million was disbursed by commercial agent banks of the Export-Import Bank. Although no United States Government funds were actually expended, the Government assumes the risks of these credits. During the year the Japanese repaid \$39 million drawn directly from the Export-Import Bank in the preceding

year. The Japanese loans were all extended to finance the purchase of cotton for processing by Japanese mills.

Japan was also the principal purchaser of United States agricultural commodities under the program of sales for foreign currencies, paying over \$48 million in yen in 1954. The Japanese currency will be used mostly to pay for off-shore procurement contracts under the mutual security military assistance program.

Technical assistance expands

Economic and technical assistance grants to areas other than Europe and Japan—mainly the economically underdeveloped areas—declined by \$127 million on a net delivery basis from 1953 to 1954. This decrease was not general, but was concentrated in Pakistan and Korea.

Much of the decline reflected completion late in 1953 of a \$67-million program to supply wheat for relief after a severe

Table 3.—Summary of Indebtedness of Foreign Countries to the United States Government at December 31, 1954, and Projections of Contractual Debt Service (Principal and Interest) for Calendar Years 1955-60

(Millions of dollars)

Program and major country ¹	Indebtedness December 31, 1954 ²	Delinquent 90 days or more ³		Unre- paid debt service on principal ⁴	Projection of contractual debt service											
		Prin- cipal	In- terest		1955		1956		1957		1958		1959		1960	
					Prin- cipal	In- terest	Prin- cipal	In- terest	Prin- cipal	In- terest	Prin- cipal	In- terest	Prin- cipal	In- terest	Prin- cipal	In- terest
Total	11,738	54	28	253	433	285	303	269	549	251	398	241	487	229	396	219
Western Europe (excluding Greece and Turkey) and dependent areas	9,897	13	(?)	112	199	193	179	196	273	196	212	191	224	186	224	181
Belgium-Luxembourg	164			(?)	6	4	7	4	7	4	7	4	6	3	6	3
Denmark	49				1	1	2	1	2	1	2	1	2	1	2	1
Finland	163				5	3	5	3	6	3	5	3	5	3	5	3
France	1,869	(?)	(?)	23	97	44	70	48	71	42	72	40	73	36	75	37
Germany	1,160	(?)	(?)	8	39	29	29	29		30	18	30	11	20	31	25
Ireland	125				1	1	2	1	2	1	2	1	2	1	2	1
Italy	290	11	(?)	2	39	7	17	7	17	7	17	6	17	5	11	5
Netherlands	350				7	6	8	6	8	6	10	4	10	4	10	4
Norway	182			27	8	1	1	1	1	1	1	1	1	1	1	1
Portugal	68	1	(?)	5	2	1	1	1	2	1	3	1	3	1	3	1
Spain	65				21	3	1	2	2	2	2	2	2	1	3	1
United Kingdom	5,419	(?)	(?)	81	50	82	55	51	123	90	80	69	85	56	97	68
Yugoslavia	44			(?)	2	2	2	2	3	2	3	2	2	2	2	2
European Coal and Steel Community	46				1	1	1	1	1	1	1	1	1	1	1	1
Other Western Europe ⁴	37	(?)	(?)	(?)	4	1	1	1	1	1	1	1	1	1	1	1
Eastern Europe	386	80	12	(?)	19	8	10	7	9	7	12	7	12	7	12	6
Poland	68	2			4	2	4	2	3	2	3	2	3	2	3	2
U. S. S. R.	229	0	11		4	5	4	3	5	4	6	3	5	3	5	3
Other Eastern Europe ⁴	18	2	(?)		1	(?)	1	(?)	1	(?)	1	(?)	1	(?)	1	(?)
Near East and Africa	464	12	2	21	22	18	34	15	53	12	31	11	31	9	33	8
Greece	77	(?)		1	4	2	4	2	4	2	4	2	4	2	4	2
Israel	123				2	4	2	4	11	4	12	4	12	3	13	3
Turkey	94	(?)	(?)	(?)	3	2	4	2	3	2	3	2	3	2	3	2
Union of South Africa	93			(?)	8	4	18	2	9	2	9	2	9	2	9	2
Other Near East and Africa ⁴	78	12	3	10	5	1	5	1	24	1	3	1	2	1	2	(?)
South Asia	348			11	5	5	1	4	165	6	5	5	5	5	5	4
India	351			11	5	5	1	5	163	6	5	5	5	5	5	4
Other South Asia ⁴	57				1	1	1	1	2	1	2	1	3	1	3	1
Other Asia and Pacific	523	19	14	161	160	5	23	8	31	8	12	7	23	7	24	6
China	155	19	13	64	4	2	4	2	4	2	4	2	4	2	4	2
Indonesia	135	2			2	4	7	4	7	3	7	3	7	3	7	3
Japan	35			6	80	(?)			10	2	10	2	10	1	13	1
Philippines	79		(?)	1	7	2	10	2	10	2	10	1	10	1	13	1
Other Asia and Pacific ⁴	49		(?)	26	0	1	(?)	1	19	1	(?)	1	(?)	1	(?)	1
American Republics	528	(?)	(?)	(?)	118	32	113	37	186	33	165	29	111	36	97	12
Argentina	91				11	2	11	2	11	2	10	2	10	2	10	1
Bolivia	21				3	1	3	1	3	1	3	1	3	1	3	1
Brazil	483	(?)	(?)	(?)	67	16	60	12	67	10	67	8	58	4	59	4
Chile	77				8	3	8	3	8	2	8	2	8	2	8	2
Colombia	31				5	1	5	1	4	1	3	1	2	1	2	(?)
Mexico	133	(?)	(?)	(?)	16	6	18	4	15	4	14	3	14	3	13	2
Other and unspecified American Republics ⁴	102	(?)	(?)		8	3	0	3	10	3	9	3	10	2	8	2
Canada	18				(?)	(?)	3	(?)	3	(?)	(?)	(?)	(?)			
United Nations	40				2		2		2		2		2		2	

1. Data shown in this table include in some instances loans and other credits extended to private entities in the country specified; the projected repayments shown for Canada, for example, represent the indebtedness of private entities in Canada. See also footnote 3 to table 2.

2. Does not include indebtedness arising from World War I debts.

3. Does not include amounts reported charged off as uncollectible. Amounts reported for interest are known to be understated; in several instances collecting agencies have stopped reporting accruals of interest when credits have gone into default. Amount shown for interest for U. S. S. R. does not include \$7,385 thousand received by the Treasury Department and held in suspense on its books.

4. Represents indebtedness outstanding December 31, 1954, for which no projections of debt service were made primarily because repayment terms were indefinite or provided for delivery of materials.

5. Includes silver loan-leased and returnable in kind by April 25, 1957, as follows: Total \$225 million, United Kingdom \$83 million, Netherlands \$32 million, Other Near East and Africa \$10 million, India \$161 million, and Other Asia and Pacific \$25 million.

6. In no case did the indebtedness of any individual country on December 31, 1954, exceed \$25 million.

7. Less than \$500,000.

Source: U. S. Department of Commerce, Office of Business Economics

drought in Pakistan. A reduction in assistance to Korea resulted from the withdrawal of the Army Department relief program and decreased cash payments to the United Nations Korean Reconstruction Agency. Implementation of the new mutual security program was delayed until late in 1954. Orders for goods valued at about a quarter of a billion dollars are scheduled to be placed in the first 6 months of 1955.

Other declines occurred in payments of economic grants for defense support in Greece, China (Formosa), and the Philippines.

A \$29-million payment to Vietnam was made in December to be used for relief and resettlement of the refugees who had fled from the northern part of the country, now under Communist control.

The trend of technical assistance payments varied among countries but generally increased, reflecting the changes in emphasis of the mutual security program allotments for recent fiscal years. This increasing trend was true on a larger scale in Iran and Israel and on a lesser scale in almost all the other countries from Libya east to Iraq, as well as in the American Republics.

Development credits continue

Development credits, principally placed through the Export-Import Bank, continued to play an important part in United States foreign lending. Disbursements continued on

the loans for mining expansion in the Union of South Africa and Australia. Increased payments were made to Indonesia on several transportation and communication development projects.

Export-Import Bank credits are the principal method of extending development aid to the American Republics. Use of these credits was expanded in 1954 in Brazil and Mexico and in some other countries. A special situation existed in 1953 with the disbursement of \$300 million to Brazil on an Export-Import Bank loan to consolidate and liquidate past-due dollar accounts with American exporters.

Postwar credit recovery \$4.5 billion

Almost \$11.9 billion of postwar assistance was extended on a repayable basis. Further, agreements were made by foreign governments to repay \$2½ billion in whole or part settlement for assistance previously received or in the process of being received on an indeterminate repayment basis. On these \$14.1 billion in postwar gross credit utilizations, and on \$0.8 billion outstanding on V-J Day, the United States Government has since received \$3.2 billion in principal repayments and \$1.3 billion in interest. In the last year the annual principal collections for the first time exceeded half a billion dollars and, also for the first time, exceeded the year's new credit utilizations (by \$116 million).

Interest collections for 1954 were \$271 million or about 2.3 percent of the \$11.8 billion outstanding at the year end.

Service on Credits Scheduled for Next 6 Years

The United States Government is scheduled to collect more than \$4 billion principal and interest on this indebtedness during the six-year period ending in 1960. With the exception of payments required on two special-type loans, collections run close to \$625 million per year—those for principal rising from around \$350 million to \$400 million a year and interest declining from about \$265 million to \$220 million.

Payments of principal on the two loans not included above are (1) \$80 million due from Japan in 1955 on account of short-term advances made in 1954 by the Export-Import Bank for the purchase of cotton and (2) silver bullion, carried at a loan value of \$283 million, lend-leased to several countries during the war under agreements requiring return of like quantity and quality on or before 1957. There is no interest on the silver but interest of \$254,000 is due in 1955 on the Japanese loan.

Scheduled repayments are based on agreements and balances outstanding as of December 31, 1954 (as shown in table 3), and of course do not include any repayments to be made on credits disbursed after that date. Differences between projected and actual repayments were in recent years mainly due to repayments of loans—mostly short-term—disbursed after the base date of the projection. Except for the German settlement of \$1 billion for postwar assistance, new longer-term credits have not significantly affected the projections.

The balance still due on the special British loan authorized in 1946 for \$3½ billion represents 30 percent of total outstanding loans. Payment of \$119 million a year is required on this credit until the year 2000, mostly for interest in the earlier years.

Loans by the Export-Import Bank accounted for a little less than a quarter of the total outstanding. France owes almost \$1 billion and Brazil close to \$450 million; together these comprised more than one-half of EIB loans. Excluding the two special-type loans mentioned previously, payments of principal due on EIB credits account for 65 percent of the

total in the first year of the six-year period, thereafter declining to 50 percent in the last year.

Agreements for repayment for postwar transfers under lend-lease and other assistance programs amounted to \$2.2 billion at the end of 1954, including the settlement of \$1 billion with Germany in 1953 and more than \$1 billion due on previous agreements with France, United Kingdom, and U. S. S. R.

Mutual security loans outstanding of \$1.7 billion include \$1.4 billion representing economic aid extended to European countries on a credit basis largely in 1948 and 1949. The terms generally do not require payment on principal until 1956 in order to permit these nations to recover from the effects of the war and regain their economic strength. Credits extended to Spain in more recent years also require initial payments in 1956.

The largest debtors on these loans are the United Kingdom owing \$385 million and France owing \$226 million. Other mutual security loans include those to Asian countries, mainly India, and for the development of strategic materials production abroad. No projections of principal and interest are included on this latter type of loans because these repayments often depend upon the production and delivery of material to this country.

Credits extended abroad in connection with the disposal of war surplus property showed balances at the end of 1954 of \$1.1 billion including \$102 million for merchant ships. Payments required on the principal of these debts will reach \$44 million by 1960 whereas the interest declines from \$24 million to \$18 million over the period.

Payments due on certain of the credits for surplus property (except merchant ships) were not projected because terms generally required payment in foreign currency or property as requested by the United States Government.

Of the total indebtedness outstanding December 31, 1954, almost two-thirds is in three countries, United Kingdom, France, and Germany.